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C O N F I D E N T I A L SECTION 01 OF 02 ATHENS 001319

SIPDIS

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TAGS: [ENRG](#) [ECON](#) [GR](#) [GAZPROM](#)

SUBJECT: GREECE ENERGY: GOG DELAYING CONTACTS WITH AZERIS  
OUT OF FEAR OF RUSSIA?

REF: ATHENS 1298

Classified By: Charge' Thomas Countryman for Reasons 1.4 (b, d)

1. (C) Summary. According to recent meetings with Greek officials, the GoG has temporarily put on hold efforts to assure a diverse supply of natural gas for the Turkey-Greece-Italy gas interconnector. Development Ministry Director General Nicos Stefanou told us May 22 the Greeks are waiting until they have had a chance to meet with the new Italian government as well as with the Turkish government to initiate discussions with the Azeris, the most significant alternate supplier to Gazprom in the medium-term. The GoG is in the meantime fending off Russian requests to discuss TGI, according to Stefanou, limiting bilateral discussions to the extension of the Russian natgas supply agreement, which lapses in 2016. According to Assimakis Papageorghiou, the Managing Director of Greece's monopoly natural gas provider (DEPA), however, the real reason for the GoG's delay in contacting the Azeris is fear of the Russian reaction. End Summary.

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Italy and Turkey  
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2. (C) Both Papageorghiou and Stefanou stressed that the lack of a government in Italy had put TGI discussions on ice. Sioufas was now seeking to move the ball forward through a meeting with his newly-appointed Italian counterpart, Minister of Productive Activities Bersani.

3. (SBU) On the private-sector side, Papageorghiou said May 12 he had conducted a positive meeting with his counterpart, the Italian Edison (IE) CEO in late April: "There is lots of interest on IE's part to move on TGI." Papageorghiou noted that funding for the Italian leg of TGI would be provided by the EU, the DEPA/IE firm Poseidon, and private investors and did not express any worries that adequate funds would be forthcoming.

4. (C) As for Turkey, both Stefanou and Papageorghiou noted they were disappointed with the lack of responsiveness of their Turkish counterparts. Papageorghiou said he had received no reply to a letter he had sent to the new Acting Director of BOTAS, Cifci, inviting him to meet in Athens. He found this particularly disappointing since he wants to nail down something on natural gas supplies with the Turks before meeting Italian Edison on May 31. Although Stefanou also expressed disappointment with his Turkish counterparts, he noted Development Minister Sioufas will be meeting with Turkish Minister Guler June 21, during which time the two sides are to discuss energy issues.

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Azerbaijan  
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5. (C) In the meantime, the GoG has not initiated supply talks with the Azeris. Papageorghiou said Sioufas had directed him not to approach the Azeris, as the minister did not want such a meeting to take place before the next energy committee meeting with the Russians. "We can meet the Azeris in the fall," Sioufas told him. When Economic Counselor asked Papageorghiou to explain why no Greeks were willing to get into direct contact with the Azeris, Papageorghiou said "they (i.e. at the Ministry of Development) are scared the Russians will get angry if we meet the Azeris first." Although Economic Counselor repeatedly recommended the GoG move forward on contacts with the Azeris, Stefanou refused to speculate on when this would happen. He did emphasize, however, that his government supported the effort to assure alternative sources of natural gas for Greece and for onward sale to Italy.

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Russia  
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6. (C) Stefanou admitted Greece approached its energy discussions with Russia with a bit of trepidation. He claimed that the Greeks are "buying time" in their talks. "Although they want to discuss a range of issues including putting Gazprom gas into TGI, we are limiting our discussions to our domestic market." Papageorghiou told us that there is

supposed to be a Greek-Russian Ministerial in Athens on June 9 during which time he was concerned the Russians would threaten not to extend their bilateral agreement on the provision of natgas through Bulgaria that runs out in 2016. (Note: As reftel reports, Russian Ambassador Vdovin claimed in a conference in Athens May 17 that the extension of the 2016 agreement was close to finalization. End Note.)

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Comment  
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17. (C) The Greeks clearly want to obtain a meeting of the minds with their Turkish and Italian colleagues before opening supply agreement negotiations with the Azeris. As Stefanou noted, Minister Sioufas in particular wants to know where the new Italian government stands. GoG officials are also concerned over the Turkish lack of responsiveness to Greek approaches on energy issues. We hope the upcoming Greek-Turkish and Greek-Italian meetings will set the stage for direct GoG-GoAZ contacts on energy supplies. In order to prime the pump, Embassy Athens plans to meet with the Azeri Ambassador to probe ways to get the two sides together sooner rather than later.  
Countryman